



**United States Department of Justice
United States Attorney's Office
District of Minnesota**

**Frank J. Magill,
Acting United States Attorney**

David Anderson, Public Affairs Specialist
(612) 664-5684; cell: (612) 730-2251

News Release

FOR IMMEDIATE RELEASE
Thursday, Jan. 31, 2008

Owner of LHS Mortgage, Inc. sentenced to 63 months

A part-owner of LHS Mortgage, Inc., Ronald Clark Joseph, 49, Prior Lake, was sentenced today to 63 months in federal prison by United States District Court Judge Donovan Frank for his role in a mortgage fraud kickback scheme.

On July 2, 2007, Joseph pleaded guilty to one count of mail fraud and one count of money laundering. Joseph, a licensed mortgage broker and half-owner LHS Mortgage, Inc., devised and implemented a scheme to defraud mortgage lenders out of millions of dollars between 2004 and 2006.

He caused fraudulent loan applications to be provided to potential lenders that misrepresented the terms of the proposed transactions by, among other things, overstating property purchase prices. After a loan was approved, loan proceeds were provided to a title company. Joseph then worked with a closing agent at the title company to disburse concealed payments from the loan proceeds to property buyers and third parties, including himself.

Joseph and LHS Mortgage, Inc. were involved in approximately 40 separate real estate transactions, involving more than \$18 million in loan proceeds and \$2.5 million in concealed kickbacks.

Joseph is the fourth defendant in the case to be prosecuted and sentenced. A LHS Mortgage, Inc employee, Mario Augustin Lewis, 37, Minneapolis, was sentenced to four-and-a-half years in prison earlier this month. Isadore Stewart, 40, Stillwater, a buyer who obtained concealed kickbacks on three properties, was sentenced to 18 months imprisonment. In addition, the closing agent involved in the scheme, Jill M. Lehn, 40, Prior Lake, was sentenced to two years in prison. Lehn benefitted from a departure from the applicable guidelines that was granted by the district court based on Lehn's ongoing cooperation with law enforcement in its investigation of mortgage fraud.

"The sentence sends a clear message to those involved in the mortgage industry that fraud will not be tolerated and will be met with significant punishment," said Acting U.S. Attorney

Frank J. Magill. “This office recognizes the significant, detrimental impact mortgage fraud has had on our communities and is aggressively pursuing those responsible.”

This case was the result of an investigation by the Federal Mortgage Fraud Task Force, including the Internal Revenue Service-Criminal Investigation Division, and was prosecuted by Assistant U.S. Attorney Joe Dixon.